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WANG LABORATORIES, INC.

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NINE MONTHS  
REPORT TO SHAREHOLDERS  
FOR THE PERIOD ENDED  
MARCH 31, 1988

## To Our Shareholders:

Our third fiscal quarter, which ended March 31, 1988, completed five consecutive quarters of profitability, showed improved revenue and earnings performance, and reflected significant activity in major new accounts for The Wang Integrated Image Systems (WIIS).

Revenues for the third fiscal quarter increased 3% to \$767.9 million over last year's third quarter revenue of \$745.9 million. The Company reported net earnings of \$22.7 million, or \$.14 per share, compared to \$5.9 million, or \$.04 per share a year ago.

Orders for products and services for the quarter increased to \$769.0 million, 5% higher than the comparable period a year ago. As the Company had announced on March 10, there was some slowness in orders during January and February; however, orders improved and met our expectations in March.

Revenues for the nine months ended March 31, 1988 were \$2,245.6 million, up 12% over the \$2,012.7 million reported for the first nine months of Fiscal 1987. Net earnings for the period were \$79.3 million compared to the \$102.7 million loss reported last year. Per share earnings for the nine months were \$.48 compared to a loss of \$.65 for the same period last year.

The Wang Integrated Image Systems (WIIS), which is at the core of our market-development strategy for the next several years, continue to generate excitement and major orders in strategic new accounts. The Company has recently closed large WIIS sales with a financial services firm, two major non-profit organizations, a leading confectioner and an international airline.

Industry consultants gave a positive reception to our second generation of WIIS products and applications, which were highlighted at the recently completed conference of The Association for Information and Image Management (AIIM) in Chicago. Details of these new offerings can be found on the back cover of this brochure.

During the quarter the Company received an order from American Family Mutual Insurance Group for 590 Wang VS computer systems, one of the largest single commercial orders in Wang's history. Now employing over 1500 systems, American Family has the largest worldwide installation of Wang VS computers. The systems will be delivered this fiscal year to complement a data processing project called "DEFACTO" (Data Entry From Agency Computers to Ours), which links agency offices in 12 midwestern states with American

Family's headquarters in Madison, Wisconsin.

As the information processing business evolves, people, work groups and organizations need to manage 100 per cent of the information they need to do their jobs and meet their business objectives. Wang Laboratories alone is in a position to provide image — not in the computer room, but in the office mainstream where it is needed.

Before anyone else, we are integrating it within existing systems to help customers manage image information across vendor lines as smoothly as

## Condensed Statement of Consolidated Earnings — Subject to year-end audit

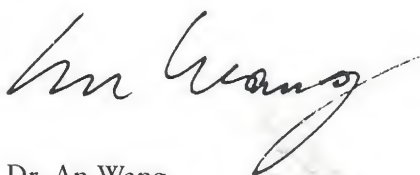
(Dollar amounts in millions except per share data)	Fiscal Quarter Ended March 31,		Nine Months Ended March 31,	
	1988	1987	1988	1987
Revenue . . . . .	\$ 767.9	\$ 745.9	\$2,245.6	\$2,012.7
Total costs and expenses . . . . .	738.7	740.0	2,143.4	2,120.4
Earnings (loss) before income taxes . . . . .	29.2	5.9	102.2	(107.7)
Provision (credit) for income taxes . . . . .	6.5		22.9	(5.0)
Net earnings (loss) . . . . .	<u>\$ 22.7</u>	<u>\$ 5.9</u>	<u>\$ 79.3</u>	<u>\$ (102.7)</u>
Net earnings (loss) per Class B and Class C Common Share . . . . .	<u>\$ .14</u>	<u>\$ .04</u>	<u>\$ .48</u>	<u>\$ (.65)</u>
Average shares outstanding (000's) . . . . .	165,458	162,799	165,747	159,048

## Condensed Consolidated Balance Sheet

(Dollar amounts in millions)	March 31, 1988	March 31, 1987
Current assets . . . . .	\$1,279.2	\$1,260.3
Service parts and rental equipment . . . . .	379.4	360.5
Property, plant and equipment, net . . . . .	774.3	788.6
Other assets . . . . .	444.8	378.1
Total assets . . . . .	<u>\$2,877.7</u>	<u>\$2,787.5</u>
Current liabilities . . . . .	\$ 753.5	\$ 667.6
Long-term debt . . . . .	558.9	672.8
Deferred income taxes . . . . .	5.8	2.5
Total liabilities . . . . .	<u>1,318.2</u>	<u>1,342.9</u>
Stockholders' equity . . . . .	<u>1,559.5</u>	<u>1,444.6</u>
Total liabilities and stockholders' equity . . . . .	<u>\$2,877.7</u>	<u>\$2,787.5</u>

with data and text. Our ability to do so today differentiates Wang — and positions the Company as the key player in building the universal information systems during the decade ahead.

On April 27, 1988, the Board of Directors voted a quarterly dividend of \$.04 per share of Class B Common Stock and \$.0275 per share of Class C Common Stock. Both dividends will be paid on August 3, 1988 to shareholders of record on June 27, 1988.

A handwritten signature in cursive script, appearing to read "An Wang".

Dr. An Wang

A handwritten signature in cursive script, appearing to read "Frederick A. Wang".

Frederick A. Wang

April 27, 1988



# New WIIS Products Expand Market

Based on its strategy to offer cost-effective tools that ease integrating of imaging into overall information management strategies, the Company announced several enhancements to the Wang Integrated Image Systems (WIIS).

Today's business environment requires customers to make investments in new technology that positively affect the bottom line. By providing easy-to-use image applications, Wang provides solutions to actual business problems in a cost-effective way.

The Wang developed WIIS Primer Applications (WIISPA's) are designed for pilot installations within specific image storage and retrieval environments. The software packages provide easy-to-use document management functions for business record administration, legal file management, customer service, claims tracking, loans tracking, personnel management, parts tracking, contract administration and accounts payable.

WIISPA's allow customers to add image capabilities to their existing Wang VS computer systems. They also serve as platforms for future systems customizations and expansion. These features protect customer investments in equipment, training and software.

Wang also announced availability of the first eight applications developed through its WIIS vendor program, which provides leading software firms with tools for incorporating image into their own business applications.

On April 5, 1988, Wang Laboratories afforded the eleven million industry standard PC/AT users the lowest-cost opportunity to integrate image, data, voice and text on one workstation.

Several enhancements were announced in the imaging workstation arena. First, Wang has extended WIIS into standard office environments with two Wang PC 240-based pre-configured imaging workstations. Second, Wang is offering upgrade options for Wang and other IBM PC/AT compatible PCs, enabling them to function as WIIS workstations. Finally, for users in an image-intensive environment, Wang has unveiled the 4620 Image Workstation, which can support three to five image windows.

The company also unveiled a link between WIIS and the instant communications capabilities of the 900,000 FAX machines now in use. The productivity of FAX for speedy transmission of documents has gained it widespread acceptance.

The Wang Integrated Image Systems (WIIS), based on the VS family of minicomputers, allow users to capture, store, retrieve and share images and integrate these capabilities with traditional information processing functions.